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Financing of the United Nations Interim Administration Mission in Kosovo

Financial performance report for the period from 10 June 1999 to 30 June 2000 and budget for the period from 1 July 2001 to 30 June 2002 at the United Nations Interim Administration Mission in Kosovo

Report of the Advisory Committee on Administrative and Budgetary Questions

Addendum

1. The Advisory Committee on Administrative and Budgetary Questions has considered the reports of the Secretary-General on the financial performance of the United Nations Interim Administration Mission in Kosovo (UNMIK) for the period from 10 June 1999 to 30 June 2000 (A/55/724) and the proposed budget for the maintenance of the Mission for the 12-month period from 1 July 2001 to 30 June 2002 (A/55/833). During its consideration of the reports, the Committee met with representatives of the Secretary-General, as well as with the Director of Administration of the Mission, who provided additional information and clarifications.

2. UNMIK was established by the Security Council in its resolution 1244 (1999) of 10 June 1999 for an initial period of 12 months, to continue thereafter unless the Security Council decided otherwise.

Financial performance for the period from 10 June 1999 to 30 June 2000

3. By its resolution 54/245 A of 23 December 1999, the General Assembly appropriated an amount of $427,061,800 gross ($410,091,700 net) for the establishment and maintenance of the Mission for the period from 10 June 1999 to 30 June 2000, inclusive of the amount of $200 million authorized by the Assembly

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in its resolution 53/241 of 28 July 1999. That amount has been assessed on Member States.

4. As indicated in the financial performance report (A/55/724, para. 9 and table 1), expenditures for the period totalled $361,789,800 gross ($352,231,400 net), inclusive of $106,334,800 in unliquidated obligations. The resulting unencumbered balance of $65,272,000 gross ($57,860,300 net) represents, in gross terms, approximately 15.2 per cent of the amount appropriated. The unencumbered balance relates almost entirely to civilian personnel costs ($58,370,600), owing to higher than anticipated vacancy rates among civilian police and international and local staff.

5. The Advisory Committee notes that this is the first performance report for the Mission. The Committee recalls, as noted in its report on the proposed budget of UNMIK for the period from 1 July 2000 to 30 June 2001 (A/55/477), that the initial high vacancies in the civilian sector had been addressed by the Secretariat through a number of measures to enable the Mission to recruit and place personnel expeditiously, including delegation of recruitment authority and the dispatch of an expert in classification from Headquarters to assist the Mission (A/55/624, para. 16). As indicated in the table below, the vacancies in the civilian personnel sector have been reduced considerably. The following table shows incumbency as at 26 March 2001:

Category of personnel	*Authorized*	*Encumbered*	*Vacancy rate (percentage)*
Military liaison officers	38	38	-
Civilian police	4 718	4 366	7.5
International staff	1 339	1 221	8.8
Local staff	3 916	3 806	2.8
National officers	11	7	36.4
United Nations Volunteers	203	203	-

6. Upon enquiry, the Advisory Committee was informed that the delegation of authority to recruit and manage UNMIK personnel had proven to be of considerable benefit to the Mission and that the experience of the Mission was in the process of being evaluated. One of the early lessons learned was that delegation of authority must be accompanied by prior proper planning and the provision of adequate resources. The Committee was informed that the UNMIK database containing personnel applications was being shared with the United Nations Transitional Authority in East Timor (UNTAET). However, the database was not geographically broad-based, owing to the fact that many of the applicants came from one geographical area. **As the Mission mandate is extended, the Committee expects that the Secretariat will continue to diversify the database, as well as the recruitment and placement of staff.**

7. The Advisory Committee notes from the financial performance report (A/55/724, para. 8), that since the requirements associated with the deployment of formed police units were not specifically identified in the approved budget for the period from 10 June 1999 to 30 June 2000, the related expenditure has been met

through redeployment of approved resources. Beginning in March 2000, six special police units from four Member States were deployed as part of the civilian police component of the Mission. Upon enquiry, the Committee was informed that the associated costs amounted to approximately $11,640,300. Upon request, a breakdown of the costs was provided to the Committee (see annex I to the present report).

8. The Advisory Committee was informed that of the $106,334,800 listed in the performance report as unliquidated obligations (ibid., table 1, footnote[a]), only $43.8 million remained to be liquidated as at 31 December 2000. The bulk of the remaining amount ($42.2 million) related to non-governmental obligations, and most of that amount related to systems procurement activities at Headquarters. In this connection, the Board of Auditors has noted that approximately 44 per cent of the purchase orders for UNMIK for the financial period ending 30 June 2000 were issued during the two months ending on 15 July 2000 (see A/55/5, vol. II, chap. II, para. 94). The Committee notes, for example, that, as indicated in the performance report (ibid., annex II, paras. 26-34), a considerable number of electronic data-processing items were not procured. Upon enquiry, the Committee was informed that many of the items were rolled over to the current financial period.

9. **The Advisory Committee acknowledges the circumstances that often affect missions in their initial stages of operation. The Committee is nevertheless of the view that proper procurement planning, including taking full advantage of the opportunities offered by systems contracting, should minimize instances of last-minute procurement activity. This could reduce the large amount of resources often obligated during the last months of a financial period.**

10. The Advisory Committee was informed that reimbursement for formed police unit costs up to 31 August 2000 totalled $3,085,187, while the amount owed for the period from 1 September 2000 to 28 February 2001 was $5,873,601. With regard to contingent-owned equipment, the Committee was informed that, as at 31 December 2000, $193,403 was held in accounts payable, the estimated amount owed was $2,899,351 and unliquidated obligations totalled $2,405,712. In respect of death and disability compensation, there were 17 claims pending and unliquidated obligations amounted to $1,276,400.

11. The Advisory Committee was informed that the cash position of UNMIK as at 31 December 2000 was $45 million. The total amount assessed on Member States up to 30 June 2001 was $845.4 million, against which the payments received amounted to $511.9 million, leaving an outstanding balance of $333.5 million.

12. The actions to be taken by the General Assembly are set out in the performance report (ibid., para. 14). **The Advisory Committee recommends application of the special arrangements with regard to article IV of the Financial Regulations of the United Nations, as proposed by the Secretary-General in paragraph 13 of the report. The Committee further recommends that the unencumbered balance of $65,272,000 gross ($57,860,300 net) for the period from 10 June 1999 to 30 June 2000 be credited to Member States in a manner to be determined by the General Assembly.**

Cost estimates for the period from 1 July 2001 to 30 June 2002

13. As indicated in the report of the Secretary-General on the budget for the maintenance of UNMIK for the period from 1 July 2001 to 30 June 2002 (A/55/833, paras. 1 and 2), the proposed budget for the period amounts to $448,803,600 gross ($418,892,100 net). This amount represents a 0.2 per cent decrease ($1,196,400) in gross terms in relation to the apportionment for the current period ending 30 June 2001. The proposed budget reflects decreases of $25,565,300, or 28.5 per cent, in operational requirements and $24,000, or 1.5 per cent, under other programmes, offset in part by increases of $22,215,800, or 6.8 per cent, in civilian personnel costs and $212,100, or 2.7 per cent, in military personnel costs.

14. For a number of reasons, but mainly owing to the change of the Special Representative of the Secretary-General in January 2001 and the major priorities identified by the new Special Representative for the coming months, the Secretary-General envisages the submission of revised estimates to the budget (A/55/833, paras. 2, 29, 39 and 46). The Advisory Committee exchanged views with representatives of the Secretary-General on the nature of the revised estimates. The Committee was informed that the revision would take account of the timing and budgetary implications of the Kosovo-wide elections and of the results of the identification of specific tasks and resources for implementation of the priorities identified by the new Special Representative as detailed in the report of the Secretary-General to the Security Council dated 13 March 2001 (S/2001/218, para. 2) and in the proposed budget (A/55/833, para. 29). The Committee was also informed that it was not expected that the revised budget would entail a significant change in the total estimates required. **That being the case, the Committee cautions against any automatic submission of revised estimates merely to reflect changes implemented as the result of the arrival of a new Special Representative of the Secretary-General. Even taking into account the upcoming elections, the Committee is of the opinion that every effort should be made to keep within the total initial estimate. Variations in allocation and between objects of expenditure could be reflected in the performance report, as well as in the budget for 2000-2003; such an approach would be consistent with the discipline required by General Assembly resolution 49/223 of 23 December 1994. It should be understood that reclassification of posts can only be effected through submission of a proposal in a budget and the subsequent approval by the General Assembly.**

15. The Advisory Committee recalls that for the period from 1 July to 31 December 2000 the General Assembly, in its resolution 54/245 B of 15 June 2000, authorized the commitment and assessment of $220 million. The Assembly subsequently appropriated $450 million gross for the period from 1 July 2000 to 30 June 2001 in its resolution 55/227 of 23 December 2000. The most up-to-date expenditure data for the current period was not provided to the Committee in a timely manner; moreover, it was subsequently revised after the Committee had completed its examination with representatives of the Secretary-General. **The Committee requests that, in the future, during its consideration of peacekeeping budgets, it be provided with the most up-to-date and accurate statements of expenditure and obligations for the financial period under examination.**

16. The expenditure data that was eventually supplied is shown in annex II to the present report. According to this data, out of the $450 million appropriated by the General Assembly in its resolution 55/227 for the period from 1 July 2000 to 30 June 2001, an amount of only $187,578,700[1] had been expended as at 28 February 2001. This underexpenditure is a cause for concern since out of $89,553,000 apportioned for operational requirements only $13,868,500 had been spent. **The Committee requests that an analysis of the reasons for the delay in expenditure be made and that it be provided in the context of the next performance report. In the meantime, the Committee has taken the rate of expenditure in the current period into account in considering the estimates for the 2001-2002 period.**

17. The proposed budget is based on a strength of 38 military liaison officers, 4,718 civilian police, 1,319 international staff, 3,858 local staff, 11 national officers and 203 United Nations Volunteers. As indicated in the budget report (A/55/833, annex I.C), the proposed budget takes into account vacancy factors of 5 per cent for civilian police and for international staff and 2 per cent for local staff.

18. The changes in staffing requirements are outlined in section VIII of the report. The Advisory Committee notes that the current staffing table takes into account the recommendations of the Committee as contained in its report of 13 November 2000 (A/55/624, paras. 21, 23 and 28), and reflects a reduction of 63 posts (2 P-3, 2 P-2, 5 Field Service, 2 General Service (Other level) and 52 Local level posts) in the Division of Administration as compared to the staffing level proposed in the report of the Secretary-General dated 12 October 2000 (A/55/477). The changes proposed to the current staffing table include a reduction of 20 General Service posts in Civil Administration and 58 local level posts in the Security Section for the period from 1 July 2001 to 30 June 2002.

19. The Committee notes from the budget report (A/55/833, table 1) that civilian personnel costs have increased from $322,983,100 apportioned for the current period to $345,198,900 proposed for the period from 1 July 2001 to 30 June 2002. This is largely due to the fact that most of the post reductions for the current period were made in the local category, combined with the fact that the vacancy situation has improved considerably for the Mission. **Expenditure for civilian personnel costs was $129,827,000 as at 31 December 2000. The Committee requests that the trend in expenditure for this item be monitored and adjusted, if necessary.**

20. Operational requirements are estimated at $64,122,900, including $13,401,400 for non-recurrent items, as detailed in the budget report (ibid., annex II.C). The report also shows an estimated requirement for $1,868,100 under field defence equipment for civilian police. Brief reference is made to this requirement in the report (ibid., annex I.C, para. 34); however, there is no explanation as to why items have now been identified as necessary, nor is there, in most cases, an indication of current inventory. The Committee understands that most of these items are expendable and require periodic replenishment. **While the Committee has no objection to this request, it expects a better explanation of such estimates in the future.**

21. The Advisory Committee notes from the report, that 10 4x4 minibuses are to be obtained (ibid., para. 21) to replace the 4x2 minibuses currently used by UNMIK, which have proven unsuitable for winter driving conditions. Upon enquiry, the

Committee was informed that the 4x2 vehicles would be made available for use in other missions.

22. The Advisory Committee notes from the report that a reconfiguration is proposed for the Mission's communications infrastructure (ibid., paras. 25-33). Reference is made to increased efficiency and consequent reductions in costs. **The Committee expects that, in future, attempts should be made to quantify such cost benefits wherever possible.** In addition, the Committee notes the reply given in the report (ibid., annex IV) to the concerns it expressed in its report dated 13 November 2000 (A/55/624, para. 52) regarding acquisition of new technology and communications capacity. The Committee is pleased to learn that all communications equipment installed can be removed and redeployed to other missions and that there is adequate local knowledge to use and manage the system.

23. **The Advisory Committee expresses concern about the problems regarding the payment of taxes and duties for fuel and the use of United Nations fuel stations by non-UNMIK vehicles, as reported by the Board of Auditors in its report on the accounts of the United Nations peacekeeping operations for the financial period ended 30 June 2000 (A/55/5, vol. II, chap. II, paras. 114-117).**

24. The Advisory Committee was informed that, for the period ended 30 June 2000, the total cost of training of staff amounted to $138,700, as against the authorized amount of $358,500. For the current period, $418,200 was authorized, and for the period from 1 July 2001 to 30 June 2002, estimated requirements total $412,600 (see annex III to the present report). **The Committee requests that, in future, for this and other missions, the estimate for training be accompanied by a table similar to that contained in annex III to the present report. While the Committee has routinely recommended acceptance of the resources requested under training, it expects that adequate explanation will be provided in the performance reports to justify changes in expenditure in relation to the initial proposals of the Secretary-General.**

25. The action to be taken by the General Assembly is indicated in the budget report (A/55/833, para. 3). **Taking into account its comments in the paragraphs above, in particular in paragraph 14, as well as the expenditure data referred to in paragraph 16, the Advisory Committee recommends that the Assembly appropriate and assess the amount of $400 million gross for the maintenance of the Mission for the 12-month period from 1 July 2001 to 30 June 2002. In this connection, in view of the experience gained by the Mission during the municipal elections, the Committee expects that every effort will be made to absorb any additional requirements for the Kosovo-wide elections (see para. 14 above).**

Notes

[1] Excludes unliquidated field obligations in the amount of $20,601,900, an undetermined portion of which will eventually be cancelled.

Annex I

United Nations Interim Administration Mission in Kosovo

Total cost of Special Police Units for the period from 10 June 1999 to 30 June 2000

(United States dollars)

		Expenditures 1999-2000	*Explanation*
I.	**Military personnel**		
	Contingent-owned equipment	924 400	6 Special Police Units: Pakistan, India (2), Jordan (2) and Spain per signed memorandum of understanding. Deployment started in March 2000.
	Self-sustainment	266 500	
	Total military personnel	**1 190 900**	
II.	**Civilian personnel costs**		
	Clothing and equipment allowance	100 200	Deployment of Special Police Units.
	Civilian police cost reimbursement	1 559 900	*Idem*.
	Rations (non-military)	594 800	$10.95 per person per day for 44,227 person days, plus bottled water ($12,100) and meals ready to eat ($98,400).
	Daily allowance (non-military)	51 800	$1.28 per day per person for Special Police Units.
	Total civilian personnel	**2 306 700**	
III.	**Operational requirements**		
	Accommodation equipment	6 154 500	Accommodation containers, ablution units, kitchen units.
	Refrigeration equipment	75 500	20 industrial-sized refrigerators and 20 chest refrigerators.
	Miscellaneous equipment	510 700	7 electrical transformers for camps of Special Police Units ($197,000), installation of prefabricated kitchens ($31,900), acquisition of refrigerated containers ($281,800).
	Transport of contingent-owned equipment	1 402 000	Deployment of contingent-owned equipment: Pakistan ($238,000), Jordan ($525,600) and India ($638,400).
	Total operational requirements	**8 142 700**	
	Total cost	**11 640 300**	

The total cost of $11,640,300 was met through redeployment of funds from approved allotments for monthly subsistence allowance for the Civilian Police. The reduction was attributable to both delays in the deployment of civilian police in UNMIK and the deployment by 30 June 2000 of 575 Special Police in formed units, whose members were not entitled to mission subsistence allowance.

Annex II

Expenditures for the period from 1 July 2000 to 30 June 2001 as at 28 February 2001

(Thousands of United States dollars)

Category of expenditures		*Apportioned*[a]	*Expenditures*[b]	*Unencumbered balance*
I.	Military	7 881.5	4 854.1	**3 027.4**
II.	Civilian	323 051.1	158 851.0	**164 200.1**
III.	Operational requirements			
	Premises/accommodation	10 137.1	1 457.6	8 679.5
	Infrastructure repairs	-	-	-
	Transport operations	13 728.8	2 275.6	11 453.2
	Air operations	6 130.4	1 921.9	4 208.5
	Communications	19 782.4	2 576.6	17 205.8
	Other equipment	20 345.8	1 406.9	18 938.9
	Supplies and services	17 628.5	3 274.9	14 353.6
	Air and service freight	1 800.0	955.0	845.0
	Subtotal, category III	**89 553.0**	**13 868.5**	**75 684.5**
IV.	Other programmes			
	Election-related supplies and services	-	-	-
	Public information programmes	599.7	55.5	544.2
	Training programmes	418.2	60.7	357.5
	Mine-clearing programmes	550.0	-	550.0
	Assistance for disarmament and demobilization	-	-	-
	Subtotal, category IV	**1 567.9**	**116.2**	**1 451.7**
V.	United Nations Logistics Base at Brindisi, Italy	-	-	-
VI.	Support account for peacekeeping operations	-	-	-
VII.	Staff assessment	27 946.5	9 888.9	18 057.6
	Total, categories I-VII	**450 000.0**	**187 578.7**	**262 421.3**
VIII.	Income from staff assessment	(27 946.5)	(9 888.9)	(18 057.6)
	Net total	**422 053.5**	**177 689.8**	**244 363.7**
IX.	Voluntary contributions in kind	-	-	-
	Total resources	**450 000.0**	**187 578.7**	**262 421.3**

[a] As compared to information provided in annex I of the cost estimates for the period from 1 July 2000 to 30 June 2001, an amount of $135,200 was redeployed from supplies and services to military personnel costs ($67,200) and civilian personnel costs ($68,000).

[b] Excludes field unliquidated obligations in the amount of $20,601,900.

Annex III

Training programme for the period from 1 July 2001 to 30 June 2002

Course description	*Cost in United States dollars*	*No. of participants*	*Venue*
Communications	84 700	4	United Nations Logistics Base at Brindisi, Italy
	4 000	20	Mission area
Transport	40 000	3	Japan
	29 000	3	South Africa
Transport of dangerous goods	13 800	4	Greece
Electronic data processing	80 000	20	Mission area
Aviation safety	11 200	1	United States of America
	11 200	1	United States of America
Contract management	16 000	2	Mission area
Procurement	20 700	6	Denmark
Management and staff development	52 000		Mission area
Stress management and alcohol awareness seminar	50 000		Mission area
Total	**412 600**	**64**	